

**Actions Affecting Major State Tax, License and Fee Estimates
and Estimates of Net Available State General Fund Revenue**

2005 First Extraordinary Session

Instrument	Description	2005-06	2006-07	2007-08	2008-09	2009-10
SESSION ACTIONS - REVENUE						
Corporate Income and Franchise Tax						
Act 27 1st Ex. Session HB 41	Provides a 100% permanent exclusion from the corporate franchise tax for any debt incurred in excess of the borrowed capital on the books of eligible firms immediately prior to landfall of Hurricane Katrina. Eligible firms are those with 50% or more of thier in-state property and assets situated in or used in the Federal Emergency Management Agency Individual Assistance Areas of hurricanes Katrina or Rita, or firms that have 50% or more of their in-state revenue derived from those areas. This exclusion is provided by allowing elgible corporations to compute their borrowed capital tax base on the basis of their tax year closing immediately prior to August 28, 2005. Effective upon governor's signature.	(\$12,900,000)	(\$10,800,000)	(\$8,700,000)	(\$6,600,000)	(\$4,500,000)
Personal Income Tax						
Act 23 1st Ex. Session HB 24	Prevents Louisiana taxpayer state income taxes from increasing as a result of federal tax relief they may recieve. Prevents this from occurring by providing that the federal income tax deduction is not to be reduced by the amount of any federal income tax credits determined to be disaster relief credits granted for the Hurricane Katrina or Hurricane Rita presidential disaster areas, as well as the amount by which a person's federal income tax due was decreased as a result of claiming a federal deduction for casualty losses as a result of hurricanes Katrina or Rita in a presidential disaster area. Effective for all taxable periods beginning after December 31, 2004.	Not Anticipated In The Revenue Estimate	Not Anticipated In The Revenue Estimate	Not Anticipated In The Revenue Estimate	Not Anticipated In The Revenue Estimate	Not Anticipated In The Revenue Estimate

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Sales Tax - General						
Act 48 1st Ex. Session HB 40	Reduces the state sales tax on sales of natural gas for energy and electric power to all nonresidential buyers from the current rate of 3.8% to a new rate of 3.3%. This rate reduction is effective for the period January 1, 2006 through June 30, 2009. Current law provides for a 1% tax on these sales after that date. Provides additional tax reduction for paper and wood products manufacturing facilities. Eliminates the entire 3.8% state sales tax on electric power purchases, and caps the value of natural gas purchases for energy subject to the tax at \$6.20 per MMBtu. These provisions are effective from July 1, 2006 through December 31, 2008. Effective January 1, 2006.	(\$21,000,000)	(\$39,500,000)	(\$37,000,000)	(\$31,400,000)	
Act 9 1st Ex. Session HB 42	Provides for a state sales tax holiday December 16th through the 18th, 2005 for the first \$2,500 of the purchase price of tangible personal property. Vehicles subject to license and title are not included in the holiday, but purchases by certain businesses are included. Businesses located in the Hurrican Katrina and Rita FEMA Individual Assistance Areas and who had property damaged due to the storms can make exempt purchases after first obtaining a sales tax holiday exemption certificate from the Department of Revenue. Effective upon governor's signature.	(\$10,200,000)				
Act 47 1st Ex. Session HB 39	Provides an 18-month 100% exclusion from state sales and use tax to manufacturing machinery and equipment damaged or destroyed by Hurricanes Katrina or Rita. Proposed law defines "manufacturer" consistent with current law relative to the existing phase out of state sales tax on machinery and equipment, and specfically refers to equipment lost or damaged by wind, water, fire, or criminal act as a result of conditions created by the hurricanes. Provisions of proposed law become null and void after June 30, 2007. Effective upon governor's signature.	(\$2,000,000)	(\$4,000,000)			
Total Adjustments To Major State Tax, License And Fee Estimates		(\$46,100,000)	(\$54,300,000)	(\$45,700,000)	(\$38,000,000)	(\$4,500,000)

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SESSION ACTIONS - DEDICATIONS						
Tourism Promotion District						
Acts 48, 47, 9 1st Ex. Session HBs 40, 39, 42	Bills affecting state sales tax collections can also affect the tax collections of the Tourism Promotion District. The bills reducing the state taxation of natural gas and electric power for nonresidential purchasers, providing a reduction in the sales tax on certain machinery and equipment, and providing for a state sales tax holiday all reduce the collections of the district.	(\$257,500)	(\$342,000)	(\$292,000)	(\$248,000)	
Adjustments To Dedications of Major State Tax, License, and Fee Estimates		(\$257,500)	(\$342,000)	(\$292,000)	(\$248,000)	\$0
TOTAL ADJUSTMENTS TO OFFICIAL NET AVAILABLE STATE GENERAL FUND-DIRECT REVENUE FORECAST		(\$45,842,500)	(\$53,958,000)	(\$45,408,000)	(\$37,752,000)	(\$4,500,000)
OTHER ITEMS OF INTEREST						
Budget Stabilization Fund						
SCR 12 1st Ex. Session	Authorizes the Revenue Estimating Conference to incorporate one-third of the certified balance of the Budget Stabilization Fund as of the prior fiscal year end (FY05) into the official forecast for Fiscal Year 2005 - 2006, and to authorize the appropriation of such monies for purposes of mitigating the deficit.	\$153,887,168				
Act 67 1st Ex. Session HB 156	Appropriates \$189,339,000 of the FY05 surplus to the Budget Stabilization Fund {25% of the surplus already flows to the Fund and this is the 75% balance}, and appropriates \$7,267,446 of prior year truck license fees collected through the International Registration Plan to the Budget Stabilization Fund. These monies, combined with the 1/3 transfer from the Fund authorized in SCR 12 and the excess mineral revenue currently anticipated in the October 28, 2005 official revenue forecast, will make the Fund exceed its FY06 maximum balance by some \$189 million. This overage will be available to the state general fund to support expenditures in FY06.	Potentially makes available \$189 million to the state general fund in FY06. The actual amount of this overage and specific point of availability within the fiscal year will depend on oil & natural gas prices and production volumes within the fiscal year.				

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Act 34 1st Ex. Session HB 140	<p>Currently, the State Constitution, Article VII, Section 10.3(C)(4), establishes the maximum balance of the Budget Stabilization Fund at 4% of total state revenue receipts for the previous fiscal year. This has been interpreted as the same base of funds as is used to calculate the annual allocation to the Inerim Emergency Board., and is a base of \$17.047 billion as of the end of FY05, resulting in a maximum Fund balance of \$681.9 million for FY06.</p> <p>This bill restates the calculation provision in statute but defines total state revenue receipts, for purposes of the Budget Stabilization Fund, to not include any monies received by the state from the Federal Emergency Management Administration or other federal disaster relief sources. This will preclude the maximum balance of the Fund from increasing as a result of large infusions of federal disaster relief (\$40 million per \$1 billion of federal disaster aid). Effective upon governor's signature.</p>	Excludes federal disaster relief funds from the annual calculation of the maximum balance of the Budget Stabilization Fund. Will not reduce the current maximum balance but will preclude the maximum from the inclusion of federal disaster relief in its calculation.				
DHH Provider Taxes						
Act 32 1st Ex. Session HB 131	<p>Delays implementation of Act 182 of the 2005 Regular Session until July 1, 2007. That act authorized 1.5% tax on certain acute care hospital revenue and was expected to generate \$86 million - \$90 million per year. These revenues had not yet been included in the official revenue forecast because implementation of the tax was contingent upon federal regulatory approval. This bill will delay implementation of that tax and make FY08 the earliest state fiscal year that any such revenues could be included in the official revenue forecast. Effective upon governor's signature.</p>					
Unemployment Insurance Trust Fund						
Act 10 1st Ex. Session SB 10	<p>Retains the unemployment insurance taxable wage base and benefit schedule at the current 2005 levels for the one year period of 2006. Pursuant to action of the Revenue Estimating Conference on 10/28/05, the taxable wage base would have been increased by 21.4% and the benefit schedule decreased by 14.3% Effective January 1, 2006.</p>	Will allow the UI Trust Fund balance to decline below the level it would have otherwise. Tax revenue to the Trust Fund is not state tax revenue and is not included in the state's revenue estimates.				